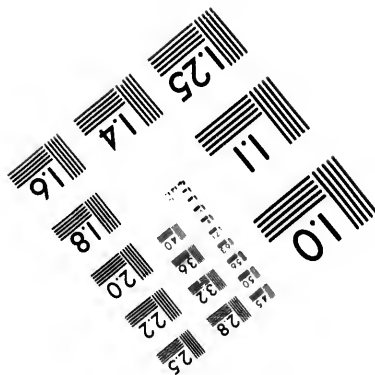
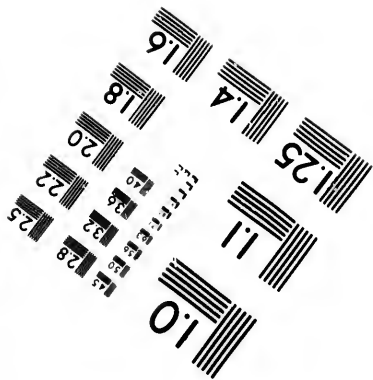
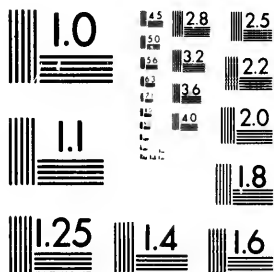


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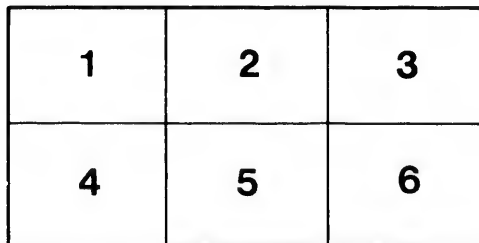
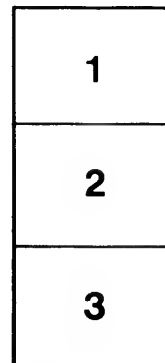
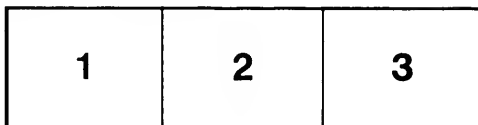
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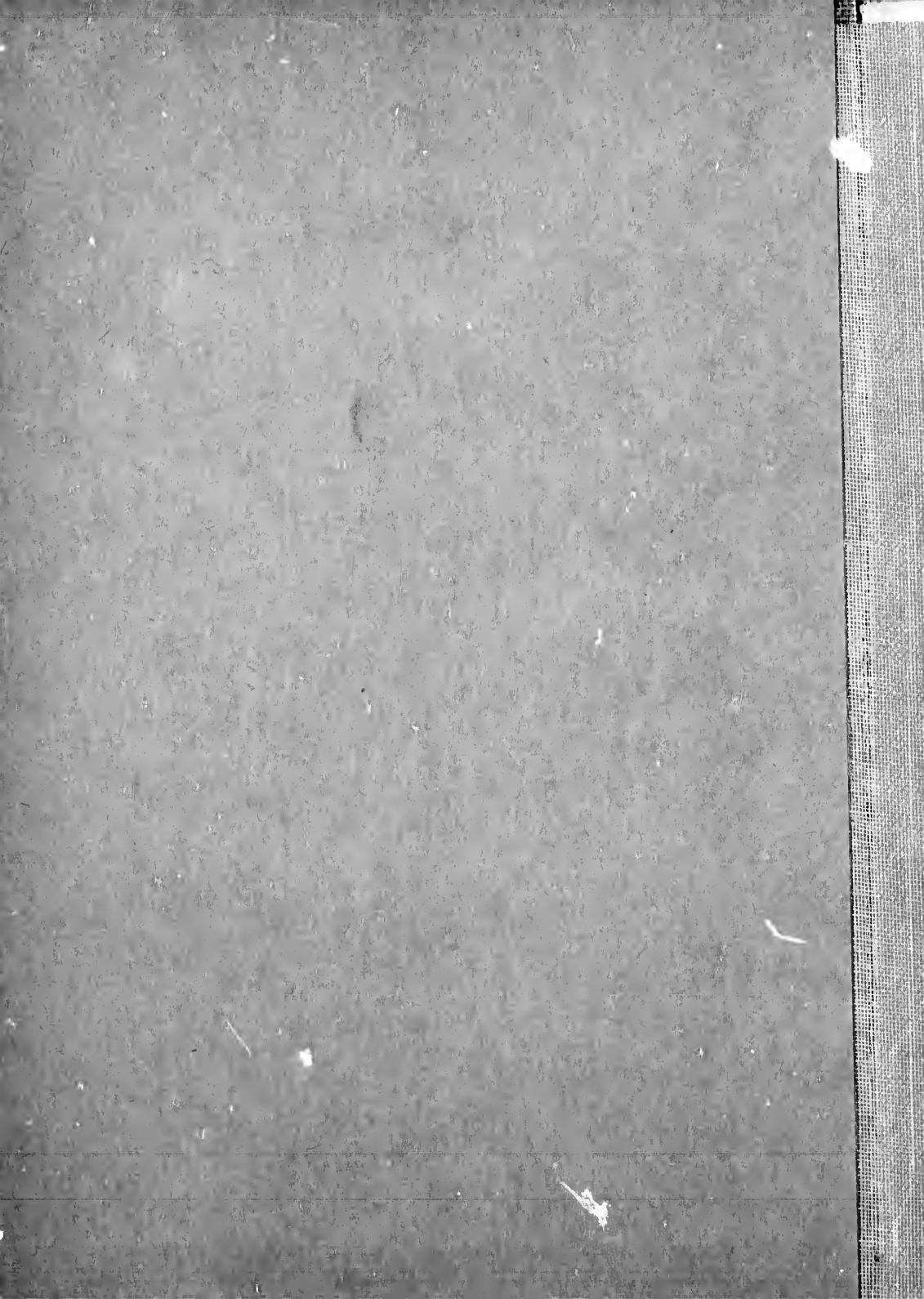
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A B R I E F
STATEMENT OF OBJECTIONS

TO THE POLICY OF IMPOSING

Export Duties upon Saw-logs,

SHINGLE BOLTS AND STAVE BOLTS,

AND A FEW FACTS PERTAINING TO THE

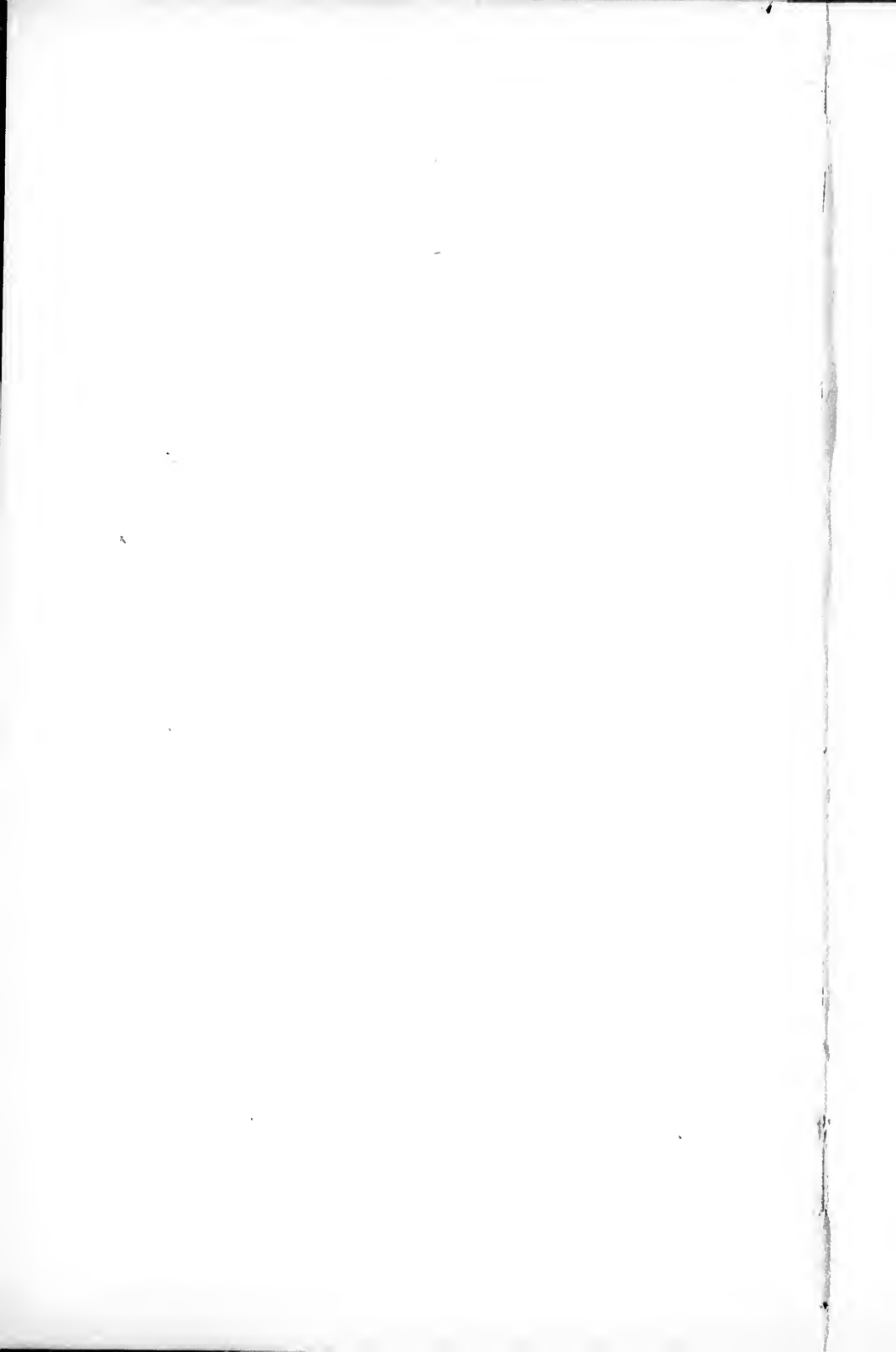
Round Timber Trade of Canada.

BY JOHN CHARLTON.

LYNEDOCH:

LEADER STEAM-PRESS PRINTING HOUSE, KING STREET, TORONTO.
1869.

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SPECIAL OBJECTIONS

TO THE

EXPORT DUTY ON TIMBER.

Aside from objections to Export Duties, based upon general principles, as that they are a special tax upon the producer, and afford protection to his competitor in foreign markets, &c., the effects produced by the imposition of an Export Duty, under the Tariff Act of August 15th, 1866, shows conclusively that the following special objections may justly be raised against the policy of imposing an Export Duty upon pine, spruce, and oak saw-logs, shingle bolts and stave bolts, as provided under Schedule F, of the Tariff Act of April, 1868 :

That the Duty will be a special tax upon one locality to the extent of collecting four-fifths of its amount in the Counties of Norfolk and Elgin.

That it will render great quantities of timber of a certain kind valueless.

That it will break up an important industry, without conferring benefit upon any other industrial interests in the Dominion of Canada.

That it will retard the settlement of wild lands in the Counties of Norfolk and Elgin, and will increase the difficulties and hardships of the settler, by depriving him of profitable employment, and compelling him, when clearing land, to burn timber, which before the imposition of the duty would pay, in whole or in part, the expense of clearing.

That it will operate as a direct and efficient protection to the Round Timber Dealers of Michigan in their competition with the Round Timber Dealers of Norfolk and Elgin Counties for the control of the markets of Western New York.

That it has this year been mainly instrumental in cutting down the annual expenditure of money for round timber in the County of Norfolk from \$200,000 to less than \$50,000—is driving capital and labor from the County, and has produced stagnation in all departments of business.

That it will not increase the manufacture of lumber in Canadian mills, because the great bulk of the saw-log export is so inferior in quality as to be worthless to Canadian mill-owners for manufacture and export, and is possessed of no commercial value except for export in the round state, and in shingle bolts, which is also true with respect to nine-tenths of the timber remaining within reach of rafting streams, and available for export.

That the duty on round pine is an unfair discrimination in favor of square pine which supplies the same class of wants in market that is supplied by round pine, and the manufacture of which is attended by the waste of one fourth of the tree in score blocks, and a consequent loss to the country of an immense amount of valuable timber.

The export duty levied under Tariff Act of August 15th, 1866, though bearing with great hardship upon those affected by it, failed to create agitation or command public attention, because it was a local grievance, the immediate effects of which were mainly confined to a portion of the inhabitants of four Townships.

ROUND TIMBER EXPORT AND TRADE BALANCES.

The round timber export of Canada is exchanged for Gold, and every tree exported increases the wealth of the country. Were the saw-logs that are exported paid for, in whole or in part, by articles manufactured from the saw-logs being sold to us in return, the trade would not be a desirable one. But we import nothing manufactured from the saw-logs, shingle bolts, and stave bolts that we export. We sell them for gold, and the trade has created a regular drain upon the specie reserve of the United States, and has annually added largely to our accumulated capital and general prosperity. In proportion to its extent it has been as largely

instrumental in promoting the prosperity and welfare of the country as any other business.

LOCALITIES INTERESTED IN EXPORTING SAW-LOGS.

The Export Duty upon saw-logs and shingle bolts, imposed under Tariff Act of August 15th, 1866, was repealed in December, 1867. The total amount of Export Duty collected in Canada for the fiscal year ending 30th June, 1867, was \$21,666 90; of this sum \$15,545 52 was collected in the County of Norfolk, Ont., and \$2,426 35 in the adjoining County of Elgin. Thus the County of Norfolk, it will be seen, paid nearly three-fourths of the entire amount of Export Duty collected. More than three-fourths of the quota of the County of Norfolk was paid by the Townships of Walsingham, Charlotteville and Middleton. The amount of Export Duty collected at Port Rowan, from the 30th of June to the close of 1867, was \$11,691 06, which would indicate that the County of Norfolk bore a larger proportion of the total amount of duty collected after the 30th June, 1867, than before. These facts justify the assertion that the Export Duty is a special local tax.

REASONS WHY THE EXPORT TRADE IN SAW-LOGS IS, AND MUST CONTINUE TO BE, CHIEFLY CONFINED TO THE COUNTY OF NORFOLK.

The relative location of pinery and market settles the question as to whether round pine can be exported to advantage. It is simply a question of geographical position—of distance of pine from market—of cost and risk of transportation. Saw-logs are not exported from the pineries adjacent to the Bay of Quinte, because the local demand for bill timber, &c., in the region situated in the rear of Oswego, can be supplied from the forests of the Black River Valley and John Brown's Tract. Neither are saw-logs exported from the Ottawa and the Province of Quebec, to the United States, because it is impracticable to tow log rafts against the current of a river, as would be necessary in reaching Lake Champlain. The County of Norfolk having large quantities of pine timber remaining, and being quite convenient to Western New York, has almost the entire export trade in saw-logs, and a large proportion of the export trade in shingle bolts and stave

bolts. The next Canadian pinery up the lakes is in the Georgian Bay region. Owing to distance, and to the exposure to west and south-west winds sweeping over the broad surface of Lake Huron and Georgian Bay, it is considered impracticable to tow round timber rafts from this region to American markets. A great amount of round pine is towed from Saginaw Bay to Buffalo, but the distance is about 250 miles less than from the Georgian Bay pineries, and tugs can keep close under the western shore of Huron, and secure shelter for rafts from the prevalent winds. The business of transporting round pine from Saginaw Bay to Buffalo and Tonawanda in rafts has been fostered by an American protective duty of twenty per cent., and also for a considerable period by our own export duty. In addition to the advantages conferred by import and export duties, the Michigan pine is of better quality than the pine from the County of Norfolk, and sells more readily in market at a higher price, which, in connection with other advantages hereafter stated, would enable the Michigan Dealer in round pine to compete with the Canadian Dealer in the markets of Western New York without protection.

THE EXPORT DUTY CONFERS NO BENEFIT UPON THE SAW-MILL
INTEREST.

Because the pine comprising the great bulk of the export in the log is coarse, and will not average common lumber. The greater part of the pine of good quality in the County of Norfolk was culled out for lumber and square timber years ago. Probably not less than nine-tenths of what remains is coarse sapling and buck-wheat pine, which, if sawed into lumber, cannot compete in the Eastern markets with Ottawa lumber, nor in the Western markets with Michigan lumber; and which has never yet failed, in the County of Norfolk, to entail loss upon the saw-mill owners who attempted to manufacture it into lumber for export. Conclusive proof of this is found in the fact that all the saw-mills engaged in manufacturing lumber for export, situated in that part of the County of Norfolk to which the trade in the export of saw-logs is confined, with the exception of one or two small affairs, closed while the Reciprocity Treaty was in force, after entailing loss upon

their owners. They could not pay expenses, even with free trade and while the stock upon which they were working was much better than the stock of pine now remaining in the County available for export in the log. Not one of these mills resumed operations after the imposition of the Export Duty in 1866, because it was, and still is, impossible to pay the expenses attending the manufacture and export of the great bulk of the coarse pine remaining in the County of Norfolk from the proceeds of the sale of the lumber, even though the timber cost nothing upon the stump. It possesses no commercial value except for export in the round state, and an export duty of one dollar per M simply makes a large portion of it worthless, and compels the settler to burn it when clearing, while that portion which does not have its stumpage value completely absorbed by the Export Duty, is taxed at the rate of from \$10 to \$15 per acre, or from twenty-five to fifty per cent. more, in most cases, than the original cost of the lands.

REASONS WHY SAW-LOGS OF COARSE QUALITY PAY TO EXPORT.

Because saw-logs and round timber, ranging in length from twelve to seventy feet, command a higher price per M in Western New York than sawn lumber from the same stock would do, thereby enabling the Canadian owner of the log to save more than the cost of manufacture, by exporting the timber round. The logs exported are used for various purposes: chiefly for conversion into bill timber for the supply of local consumption in Buffalo, Lockport, Rochester, and the towns, villages and rural districts of Western New York. The mills in the towns and cities sell slabs, bark and sawdust for enough, in most cases, to pay the prime cost of saw-bill. It costs money to get rid of the same offal in Canada. Bill and dimension timber is sold at from \$3 to \$8 per M higher than yard prices of common lumber, and the consequence is that the mill-owner is enabled to pay the Canadian log-dealer a remunerative price for a class of logs that can be made profitable in no other way. A large proportion of this stock, however, leaves a margin to the dealer which the Export Duty so nearly covers that its stumpage value must be reduced one dollar per M, greatly to the loss of the owner of the standing pine, while the coarsest

qualities of timber cannot pay the duty, and must be destroyed when land is cleared, as was the case while the Export Duty, levied August 15th, 1866, was in force.

WHY CANNOT THE WESTERN NEW YORK BILL TIMBER TRADE BE
TRANSFERRED TO CANADIAN MILLS ?

Because, under the circumstances, it is impracticable. The bills of lumber and timber are usually for small amounts, and are wanted promptly. Mills 100 miles or more away could not, for obvious reasons, compete for such a business except at very great disadvantage; especially in the matter of furnishing economical transportation for dribblets of lumber. In Buffalo, Lockport, and Rochester, the builder hands in his bill for the particular class of dimension stuff he may require, and the timber is speedily cut and ready for delivery. The inconvenience, expense and delay incident to sending 100 miles or more up the lake to Canadian mills would only be incurred under the pressure of an absolute necessity, which can never exist so long as unlimited amounts of round pine may be towed from Michigan for the supply of the Western New York demand; and that demand which is now partially supplied from Michigan will be fully supplied from that source if commercial legislation shuts out the Canadian round timber dealer.

SAWLOGS.

Although, with the exception of masts and spars, the entire round timber export of the counties of Norfolk and Elgin was classed as sawlogs by the Commissioner of Customs, under the Tariff Act of August 15, 1866, and as such made liable to export duty, yet very little more than one-third of the round pine exported can properly be called sawlogs, as not far from two-thirds of the entire export is thirty feet and upwards in length, designed for bridge timber, building timber, etc., and supplying precisely the same class of wants that is supplied by the square pine exported to the Eastern market from the Ottawa and the Province of Quebec. Why this trade in round pine should be discriminated against it is difficult to imagine. Square pine can be transported long dis-

tances much cheaper than round pine, and it is only under certain conditions, and within the limit of a certain distance from the market, that the export of the ordinary qualities of round pine is practicable; but its exportation when practicable is much more advantageous to the country than is the exportation of square pine, because the round pine will command as high a price per M for bill timber as square pine manufactured from the same quality of timber would do. The cost of preparing the round pine for market is about \$1 30 per M board measure, less than the cost of preparing the square pine, and nearly one fourth of the most valuable portion of the tree is hewn off and left in the woods in the form of score blocks when the tree is squared; so that the export of the timber round, when practicable, saves one-fourth of the tree from waste, and also the difference between the cost per M of preparing square timber and round timber for market; two items of vital consequence to the owner of the pine. The great bulk of the timber exported round being of poor quality will not pay actual expenses if squared, because the extra cost of manufacture and loss in score blocks, will absorb the margin of profit on round pine of the same quality, which, as before stated, will sell for as much per M as the square pine.

SHINGLE BOLTS.

Shingle bolts are generally manufactured at the time land is cleared, from refuse timber unfit for sawlogs, such as hollow butts, punky trees, and partially rotten trees lying on the ground. This kind of timber is sawn in shingle bolt lengths, and the sound portion split out and saved. The duty of one dollar per cord equal to twenty per cent. *ad valorem*, at the port of shipment, prevents the settler from making this refuse timber a source of profit, and compels him, unless very convenient to the port of shipment, to burn it when clearing the land.

STAVE BOLTS.

Stave bolts are manufactured from elm and basswood, and generally from timber growing upon lands which are about to be cleared. As a commercial commodity this timber is utterly worth-

less for any other purpose. The duty of one dollar per cord is equal to forty per cent. *ad valorem*. It is effectually, as in the case of shingle bolts, in preventing the settler from making the timber a source of profit through its own stumpage value, or the profitable employment which its manufacture affords, and secures the burning of all the elm and basswood on lands that are being cleared.

OAK SAW-LOGS.

The oak saw-logs exported are seldom less than twenty-five feet long, the entire tree being usually sent in one piece. The timber is exported in this form because the round stick sells more readily in Western New York than square oak of the same quality would do at the same price per M board measure. It supplies the same class of wants that square oak does. Owners of oak timber are unable to understand why the Government should exact an export duty from round oak equal to twenty-five per cent. *ad valorem*, when converting it into square oak would, in consequence of the waste of timber in score blocks, diminish the sum received in market for a given number of trees, while compelling the owner to incur an amount of extra expense indicated by the difference between the cost of preparing square and round oak for market, and exceeding the sum of two dollars per M, board measure. The exportation of oak in the round state, as in the case of round pine, is only practicable when the timber is convenient to market and can be towed in rafts, but when its exportation in that form is practicable it yields a greater return to the owner of the timber than if exported square, and consequently the export of round oak should be encouraged rather than discriminated against.

THE EXPORT DUTY UNEQUALLY ASSESSED.

The export duty upon saw-logs is unequally assessed, as it is \$1 per M., without regard to quality of timber. The poor grades of timber are least able to bear the burden of the duty, but are obliged to pay the highest *ad valorem* rates. Masts and spars upon which an export duty of \$1 per M. would be a very moderate tax, are exempt, as also is square timber; while common saw-logs, worth not more than \$3 per M. pay a duty equal to thirty-three per cent.

The objectionable features of the duty would be greatly lessened were it a moderate rate *ad valorem*, in place of a specific duty, and were it imposed upon the better, as well as the poorer grades of timber. If the saw-mill interests is to be benefitted by export duty, the timber made liable to the duty should be the good quality, which is exported in the form of masts, spars, a square pine, and not the rough sapling pine which comprises the saw-log export of the County of Norfolk. The good qualities will pay to manufacture, but the class of stock upon which export duty is now levied will not. Of course no modification can remove the objection that the duty is a special tax upon the owner of the pine, but it might be made to confer benefit upon some Canadian interest to an extent equal to a portion of the loss sustained by the owner of the pine timber, which it certainly does not do at present.

THE EXPORT DUTY AND THE SETTLER UPON NEW LANDS.

The export duty bears with greater hardship upon the settlers on the new lands of the County of Norfolk, than upon any other class. It reduces the value of all his pine suitable for saw-logs, one dollar per M. on the stump. It reduces the value of shingle bolt timber and of elm and basswood timber one dollar per cord on the stump; or to speak more correctly, it taxes his coarse saw-logs, his shingle bolts, and his stave bolts, more than they are worth on the stump, unless the timber is very close to the port of shipment. And not only is the stumpage value of certain classes of timber entirely obliterated, but the total sum received for coarse saw-logs, and for shingle and stave bolts is, unless under exceptional circumstances, an inadequate compensation for the labor necessarily performed in preparing and delivering the articles at the point of shipment. Before the imposition of the export duty the same class of timber, after yielding extensive employment, at good wages, to men and teams engaged in preparing logs and bolts, and transporting them to the points of delivery, left the settler, as stumpage, a sum sufficient to pay in whole or in part the cost of clearing. This ability to secure profitable employment, and a fair sum above good wages for removing coarse and refuse timber from lands, was a great boon to the settler, and led to the rapid settlement of wild lands,

that had been lumbered over and stripped of the merchantable timber years ago. Unsightly tracts of forest lands from which the valuable timber had been removed, and a large portion of what remained destroyed by fire, were fast being converted into farms, and the settler had upon the lands the resources for bringing them under cultivation. But now a prohibitory duty withers his feeble gains and mocks his humble thrift; he can no longer receive wages for laboring with the saw and the axe in facilitating the process of clearing, by converting timber that he wishes to remove into bolts and logs, but he must perform the hard and thankless drudgery of piling up the timber into heaps and burning it without remuneration, for the government has practically confiscated his coarse pine, his punky pine, his partially rotten pine, his old pine stubs, his water elm trees, and his basswood trees, and bidden him return to the good old rule of converting them into ashes, if he wishes them removed from the land. Under the operation of the duty the settlement of new lands in the County of Norfolk will be greatly retarded, and many lots that have been occupied by settlers will be abandoned.

THE EXPORT DUTY PROTECTS AN AMERICAN INTEREST.

The timber dealers of the County of Norfolk and those of Saginaw Bay are competitors for the command of the round timber market of Western New York. The Saginaw dealers are protected by an American Import Duty of twenty per cent. *ad valorem*, which, with the superior quality and smaller original first cost of their round timber, much more than compensates for the extra cost of towing their timber to markets, and gives them a decided advantage. The Export Duty increases the advantage they possess over the Canadian dealer to an extent equal to an addition of twenty-five per cent. to the American import duty; as one dollar per M is equal in the County of Norfolk to twenty-five per cent. of the average value of sawlogs delivered upon the banks of rafting streams. The Michigan dealer therefore enjoys a protection practically equal to forty-five per cent. *ad valorem*, more than one half of which is imposed by our own government. It requires no gift of prophecy to be able to foretell that the continuance of this policy will speedily

drive the Canadian dealer in round timber from the market of Western New York, and leave the Michigan dealers masters of the situation, and it may be remarked *en passant*, that our export duty is immensely popular with all Michigan timber dealers, who feel that it is very seldom that two governments zealously promote the same industrial interest, and that in efficiency of protection, the natural guardian of the interest falls short of its natural enemy.

EFFECTS OF EXPORT DUTY UPON BUSINESS.

Last year the round timber trade of the County of Norfolk put over \$200,000 in circulation. The present year not more than one-fourth of that amount will be expended, and a considerable portion of this will be expended under compulsion, as in cases where contracts could not be recalled, and where the time for removing timber expired the present year. The production of sawn lumber has not been increased by the duty, and the effect of a shrinkage of three quarters of the annual amount of the round timber trade is plainly visible in the complete stagnation of business throughout the entire County, consequent upon the withholding of about \$150,000 from the channels of trade. While export duty was levied under the Tariff Act of August 15th, 1866, several lumbering firms left the County of Norfolk and emigrated to Michigan, accompanied and followed by many labouring men; and should the present policy be continued in force it is morally certain that nearly the entire amount of capital embarked in the round timber trade of Norfolk will be transferred to Michigan, accompanied by the deportation of hundreds of labouring men.

DOES THE CONSUMER PAY THE DUTY?

Not in the case of saw-logs and round pine at least, for the market where they are sold can be supplied as cheaply with round timber from Michigan as from Canada. The cost of towing from Saginaw Bay to Buffalo is about \$3 50 more per M, in American currency, than the cost of towing from Canada; but the first cost of pine lands is less in Michigan than in the County of Norfolk, the timber is nearer the streams, and the cost of putting it afloat is less than in Canada; the streams are larger than the rafting streams

of Norfolk, the cost of running and rafting less, and the timbered lands, not having been culled, the quality of the cut of timber taken from them is much better than from the buckwheat and sapling pine lands of the County of Norfolk; so that the extra expense of towing from Saginaw is more than made up to the Michigan dealer by the smaller cost and better quality of his timber, and he is able to compete with the Canadian dealer on equal terms. The American protection of twenty per cent., *ad valorem*, gives him a decided advantage without the aid of the Export Duty, and as a matter of fact the Export Duty has heretofore been, and will hereafter continue to be paid by the producer of saw-logs in Canada, and not by the consumer of the article in the United States. The average price received by Canadian dealers, for timber, during that portion of the year 1866, prior to the imposition of the Export Duty, was as high as the price received during the year 1867, when the duty was in force. It would be as reasonable to expect to extract from the American consumer of wheat and wool an export duty of twenty-five per cent., as to expect to get it from the consumer of saw-logs, who is situated within reach of the Michigan pineries. The Michigan Round Timber Trade is of recent growth, is developing rapidly, and does not even require the protection it receives from the American Government.

PROPERTY IN STANDING PINE.

In the County of Norfolk the owners of standing pine have every reason to complain that the export duty is an unjust measure. It is calculated to drive timber dealers from the market, it renders the greater part of standing pine valueless; it is calculated to create a monopoly in the purchase of the better grades of pine, and not only inevitably reduces its value one dollar per M., but will destroy all competition for its purchase. If the owner has made investments in pine for the purpose of exporting it in the round state, an enormous special tax amounting as before stated from \$10 to \$15 per acre is exacted from him. Perhaps it may be urged that a law practically compelling him to leave his timber standing for future use, or greatly cheapening it to the consumer at the present time, is a public boon, because it benefits many at the

expense of a few. Such a course however is as objectionable as agrainism pure and simple. The injustice of requiring the owner of pine to leave his investment unproductive for the benefit of posterity, or of taxing him more than the original cost of the article he owns, for the benefit of those who do not own pine, is as great in principle as would be the absolute and unconditional confiscation of the property for the benefit of the portion of the public who do not own pine.

LET THE EXPORT DUTY POLICY HAVE A FAIR TRIAL.

If the policy of raising revenue and affording protection or advantages to favored classes through the medium of export duties upon the staples of export is correct in principle, or advantageous in practice, let a fair trial be given to the principle by a more extended imposition of export duties. The number affected by the duty on saw-logs, stave bolts, and shingle bolts, is so limited, and their political influence so small, that it is difficult to direct attention to the practical workings of the system. If an export duty equal to that on saw-logs, or not less than twenty-five per cent *ad valorem*, was levied upon wheat and wool for the purpose of cheapening those articles to our own consumers, and encouraging our millers and spinners, a speedy solution of the propriety of imposing export duties would be arrived at. There certainly can be no question that if round pine is subjected to export duties, square pine ought also to be, for both supply the same class of wants in market, and if discrimination is exercised at all it should be against square pine, owing, as before stated, to the absolute waste of one fourth of the tree in squaring it, while no valuable portion of the tree is wasted when it is exported round.

THE SAWLOG AND ROUND TIMBER TRADE

Has almost exclusively promoted the settlement of the pine lands of the Big Creek, Venison Creek and Otter Creek vallies; it has created an excellent home market for agricultural products—has paid out large sums of money amounting in the aggregate to hundreds of thousands of dollars, for a class of timber, which, except for export in the round, would have been utterly worthless and a

useless incumbrance upon the soil, and has enabled hundreds of settlers to pay for lands, that but for the timber trade would have been in a state of nature at this day. This trade is now competing with a foreign rival; if it succumbs the greater part of the capital embarked in it is likely to be invested in Michigan or other lumber districts of the United States. It does not ask protection of the government, it wants no exceptional advantages, no export duties or special taxes imposed upon other industries in its behalf; it simply asks the government to remove special imports and allow it to stand erect and have a fair field. Were the case understood in all its bearings, it is impossible that the export duty upon sawlogs, shingle bolts, and stave bolts would be continued.

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